

Weekly Economic Review

Alberta unexpectedly gains jobs in August

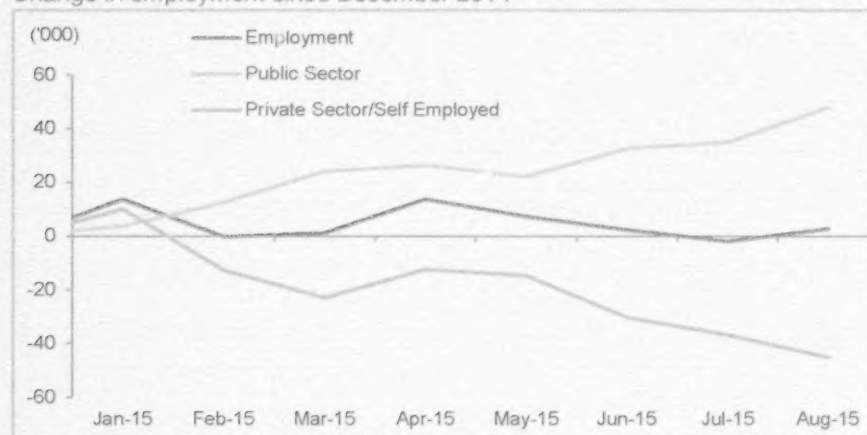
Employment

Employment propped up by public sector gains

The province added 4,700 jobs in August, a small but surprising increase given the decline in activity over the past few months. The unemployment rate remained at 6.0%. Public sector employment has helped to prop up employment. Since December, public sector employment has increased by 47,900 (Chart 1), while

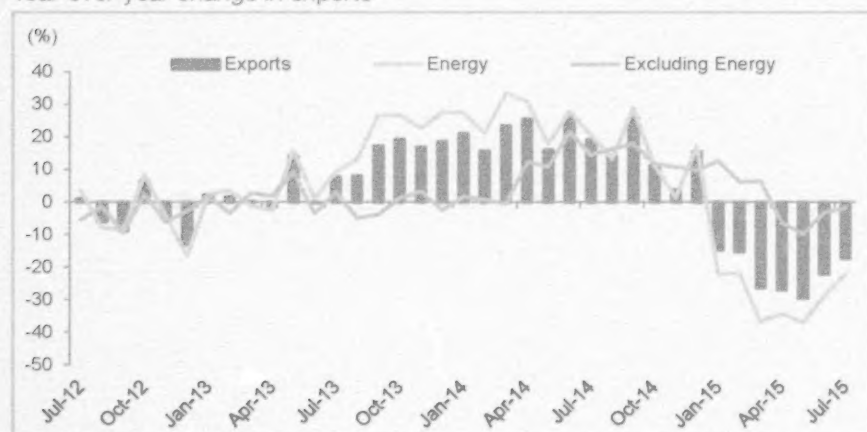
private sector and self employment have declined by a combined 45,200. At the industry level, the goods sector once again saw job losses (-10,000). The bulk of the losses were in the manufacturing sector, which shed almost 6,000 jobs in August. The service sector continued to add jobs (+14,600). Gains were spread across several sectors, including trade, finance and real estate, educational services, health care, and public administration.

Chart 1: Public sector supports Alberta employment
Change in employment since December 2014



Source: Statistics Canada

Chart 2: Energy products weigh on exports
Year-over-year change in exports



Source: Statistics Canada

Employment nationally increased by 12,000 in August, with gains concentrated in the western provinces, led by Alberta and Saskatchewan. The unemployment rate ticked up 0.2 percentage points to 7.0%.

International Exports

Exports remain down

Alberta international goods exports rose 14% in July to \$8.6 billion, led by a 20% increase in energy exports on both prices and volumes. Even with the increase, exports were still down 17% year-over-year. The decline from last year was mainly due to a significant drop off in energy exports, which fell by 22% y/y. Lower oil prices were responsible as oil export volumes actually increased 9.8 y/y. Non-energy exports also declined, but by a less precipitous 1.8% y/y (Chart 3). Of non-energy exports, agricultural products fell by 5.0% y/y and industrial machinery by 18% y/y.

Canadian exports declined by 2.3% y/y, due to energy exports, with non-energy exports increasing by 8.0% y/y.

Rigs Drilling

Drilling down across North America
Alberta rig activity in August continued to follow the fifteen-year low with 126 active rigs, half the number drilling last

year (Chart 3). Just 24% of available rigs were in the field, down from 45% in August 2014. Drilling activity was down across North America. Canada had 50% fewer active rigs compared with last year, while the United States had 54% fewer. Unlike in Canada, the US rig count was below the fifteen-year minimum for the third month in a row.

Residential Construction

Apartments buoy investment

Alberta residential construction declined by 2.3% year-over-year (y/y) in the second quarter. Investment in renovations fell 22% y/y as renovations were elevated in the

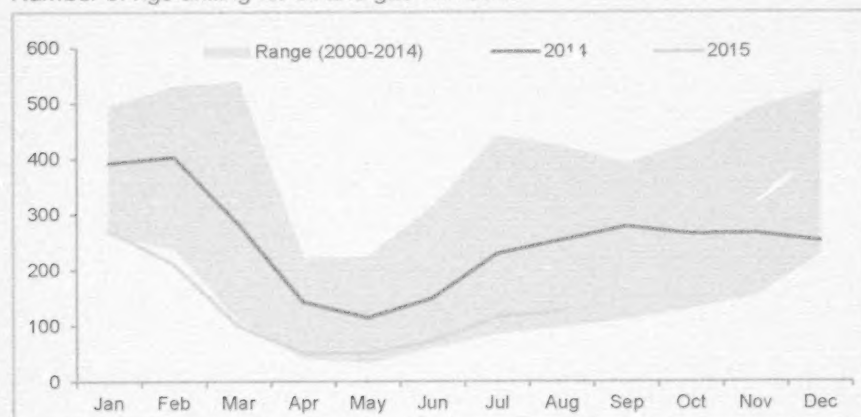
last half of 2013 and first half of 2014, because of needed repairs following the 2013 flood in southern Alberta. Investment in new dwellings continued to increase due to gains in apartment and condominium construction. This offset the 4.6% y/y decline in single-family investment.

Canadian real GDP

Second-straight contraction

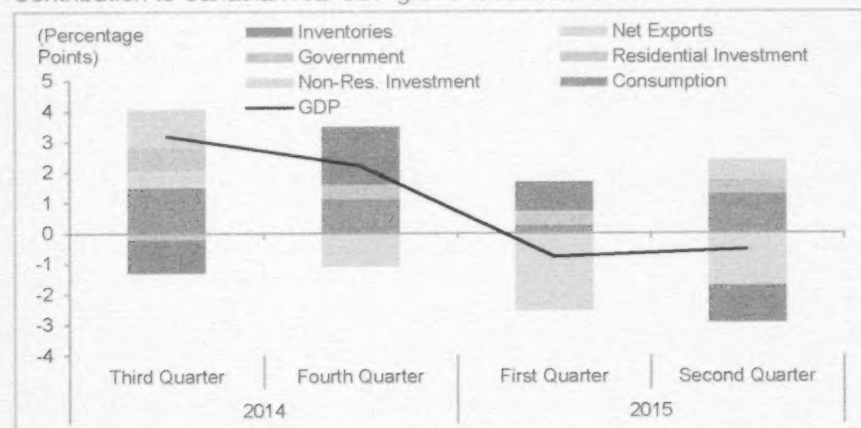
Canadian real GDP contracted for a second consecutive quarter, falling by 0.5% (annualized). Business investment was the main source of weakness (Chart 4), as investment in non-residential structures (-8.8%) and machinery and equipment (-17%) declined for the third-straight quarter. Energy sector related investment was especially weak, as spending on engineering structures fell by 9.3% and investment in mineral exploration fell to the lowest level in 18 years. Residential investment rose 4.3%. GDP was supported by a 2.3% increase in household consumption and a 1.5% increase in government expenditures.

Chart 3: Rigs drilling continue to trend 50% below last year's level
Number of rigs drilling for oil and gas in Alberta



Source: Canadian Association of Oilwell Drilling Contractors

Chart 4: Investment causes a second quarterly decline in Canadian real GDP
Contribution to Canadian real GDP growth at annual rates



Source: Statistics Canada

US Employment

Slower job growth

After several months of strong gains, US employment growth slowed with 173,000 new jobs in August. Both the June and July employment figures were revised up by a combined 44,000 jobs. Job creation was heavily tilted towards the service sector which added an impressive 197,000. The mining industry continued to weigh on the labour market, shedding another -9,300, which brings total losses for 2015 up to 90,400 jobs. The unemployment rate dropped 0.2 percentage points to 5.1%, the lowest in 7 years.

Contact

Nachum Gabler

780.638.3238

Please see the [Alberta Economy - Indicators at a Glance](#) for a snapshot of Alberta indicators.